

# USEITI Validation

## Prospects and Risks



## The Purpose of Validation

- Assess performance and promote dialogue.
- Identify opportunities to increase the impact of EITI implementation.
- Identify opportunities for mainstreaming EITI implementation in government systems.
- Safeguard the integrity of the EITI.



## Validation Process

1. International Secretariat undertakes initial data collection and stakeholder consultation.
2. The EITI Board appointed Independent Validator assesses the Secretariat's initial validation and reports to the Board via the Validation Committee.
3. The Validation Committee reviews the Validator's assessment and makes a recommendation to the Board. The EITI Board makes the final determination of whether the requirements are met or unmet, and on the country's overall compliance

# Validation of Requirements - Three Key Areas:

Part I: MSG oversight

Part II: EITI disclosures

Part III: Outcomes and impact

A country must achieve satisfactory progress on the following four requirements to avoid suspension:

- i. Government engagement (#1.1)
- ii. Company engagement (#1.2)
- iii. Civil society engagement (#1.3)
- iv. Timely EITI reporting (#4.8)



EITI REQUIREMENTS ASSESSMENT CARD \_ PRE-ASSESSMENT USEITI 11/2016



EITI REQUIREMENTS		Level of Progress					Direction of Progress
		NO	INADEQUATE	MEANINGFUL	SATISFACTORY	BEYOND	
CATEGORY	REQUIREMENTS						
MSG OVERSIGHT	1.1 Government Engagement*				X		<a href="https://www.doi.gov/eiti/faca">https://www.doi.gov/eiti/faca</a>
	1.2 Industry Engagement*				X		<a href="https://www.doi.gov/eiti/faca">https://www.doi.gov/eiti/faca</a>
	1.3 Civil Society Engagement*				X		<a href="https://www.doi.gov/eiti/faca">https://www.doi.gov/eiti/faca</a>
	1.4 MSG Governance*				X		<a href="https://www.doi.gov/eiti/faca">https://www.doi.gov/eiti/faca</a>
	1.5 <u>Workplan</u> *				X		<a href="https://www.doi.gov/eiti/faca">https://www.doi.gov/eiti/faca</a>
LICENSES AND CONTRACTS	2.1 Legal Framework				X		<a href="https://useiti.doi.gov/how-it-works/">https://useiti.doi.gov/how-it-works/</a>
	2.2 License Allocations				X		<a href="https://www.boem.gov/Gulf-of-Mexico-Region-Leasing-Information/">https://www.boem.gov/Gulf-of-Mexico-Region-Leasing-Information/</a> ;
	2.3 License Register				X		<a href="https://www.boem.gov/Gulf-of-Mexico-Region-Leasing-Information/">https://www.boem.gov/Gulf-of-Mexico-Region-Leasing-Information/</a> ; <a href="https://www.boem.gov/Lease-and-Grant-Information/">https://www.boem.gov/Lease-and-Grant-Information/</a> ; <a href="http://www.blm.gov/lr2000/">http://www.blm.gov/lr2000/</a> ; <a href="http://www.blm.gov/wo/st/en/prog/energy.html">http://www.blm.gov/wo/st/en/prog/energy.html</a>
	2.4 Policy on Contract Disclosure				X		<a href="https://useiti.doi.gov/how-it-works/federal-laws/">https://useiti.doi.gov/how-it-works/federal-laws/</a>
	2.5 Beneficial Ownership				X		Roadmap Drafted
	2.6 State Participation	N/A					
MONITORING PRODUCTION	3.1 Exploration Data				X		<a href="https://useiti.doi.gov/explore/">https://useiti.doi.gov/explore/</a> ; <a href="https://www.boem.gov/Status-of-Gulf-of-Mexico-Plans/">https://www.boem.gov/Status-of-Gulf-of-Mexico-Plans/</a> ;
	3.2 Production Data				X		<a href="https://useiti.doi.gov/explore/">https://useiti.doi.gov/explore/</a> and <a href="https://useiti.doi.gov/downloads/#production-all">https://useiti.doi.gov/downloads/#production-all</a>
	3.3 Export Data				X		<a href="https://useiti.doi.gov/explore/">https://useiti.doi.gov/explore/</a> ; <a href="https://www.census.gov/foreign-trade/statistics/state/data/index.html">https://www.census.gov/foreign-trade/statistics/state/data/index.html</a>
REVENUE	4.1 Taxes and			X			Voluntary for Companies



EITI REQUIREMENTS ASSESSMENT CARD \_ PRE-ASSESSMENT USEITI 11/2016

COLLECTION	Revenues					
	4.2 In-kind revenues	N/A				
	4.3 Barter Agreements	N/A				
	4.4 Transportation Revenues	OUT OF SCOPE				
	4.5 SOE Transactions	N/A				
	4.6 Direct Subnational Payments			X		Adapted Implementation; <a href="https://useiti.doi.gov/explore/AK/">https://useiti.doi.gov/explore/AK/</a> ; <a href="https://useiti.doi.gov/explore/MT/">https://useiti.doi.gov/explore/MT/</a> ; <a href="https://useiti.doi.gov/explore/WY/">https://useiti.doi.gov/explore/WY/</a>
	4.8 Data Timeliness*				X	Within one year – 2016 Annual Report
	4.1 Data Comprehensiveness			X		Government prohibited tax disclosure; full disclosure government non-tax revenues; voluntary company disclosure.
	4.9 Data Quality				X	<a href="https://useiti.doi.gov/how-it-works/audits-and-assurances/">https://useiti.doi.gov/how-it-works/audits-and-assurances/</a>
	4.7 Disaggregation			X		Government disclosure of company level; 2019 Dodd-Frank 1504; <a href="https://useiti.doi.gov/how-it-works/federal-revenue-by-company/2015/">https://useiti.doi.gov/how-it-works/federal-revenue-by-company/2015/</a>
REVENUE ALLOCATION	5.2 Subnational Transfers				X	<a href="https://useiti.doi.gov/explore/#federal-disbursements">https://useiti.doi.gov/explore/#federal-disbursements</a> ; <a href="https://useiti.doi.gov/downloads/disbursements/https://useiti.doi.gov/downloads/USEITI_extractive-revenue-appendix_2015-12-22.pdf">https://useiti.doi.gov/downloads/disbursements/https://useiti.doi.gov/downloads/USEITI_extractive-revenue-appendix_2015-12-22.pdf</a> ;
	5.1 Distribution of Revenues				X	<a href="https://useiti.doi.gov/explore/#federal-disbursements">https://useiti.doi.gov/explore/#federal-disbursements</a> and <a href="https://useiti.doi.gov/downloads/disbursements/">https://useiti.doi.gov/downloads/disbursements/</a>
	5.3 Revenue Management and Expenditures	Optional				
SOCIOECONOMIC CONTRIBUTION	6.2 SOE Quasi-fiscal expenditures	N/A				
	6.1 Mandatory Social Expenditures	N/A				
	6.1 Discretionary Social Expenditures	N/A				
	6.3 Economic Contribution				X	<a href="https://useiti.doi.gov/explore/#economic-impact">https://useiti.doi.gov/explore/#economic-impact</a> ; <a href="https://useiti.doi.gov/downloads/#gdp">https://useiti.doi.gov/downloads/#gdp</a> ; <a href="https://useiti.doi.gov/downloads/#jobs">https://useiti.doi.gov/downloads/#jobs</a> ; <a href="https://www.census.gov/foreign-trade/statistics/state/data/index.html">https://www.census.gov/foreign-trade/statistics/state/data/index.html</a>



EITI REQUIREMENTS ASSESSMENT CARD \_ PRE-ASSESSMENT USEITI 11/2016

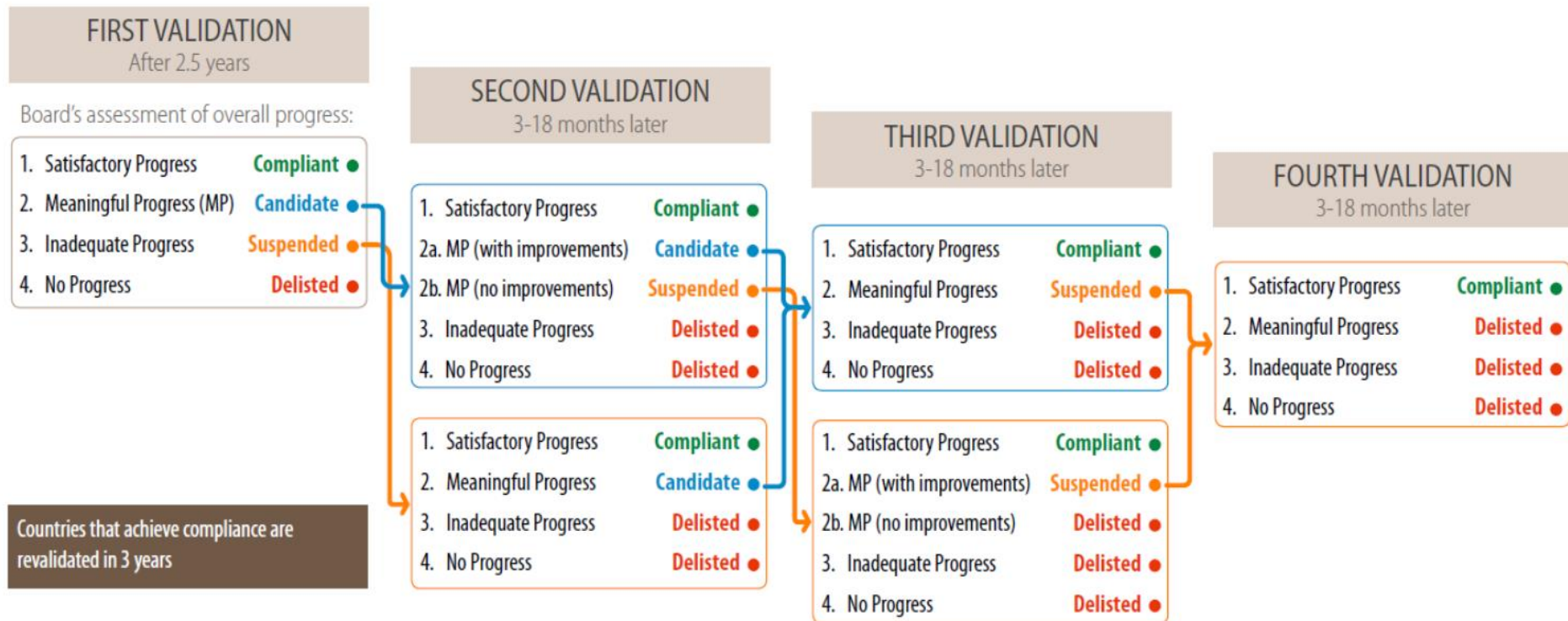
OUTCOMES AND IMPACT	7.1 Public Debate					X	<a href="https://useiti.doi.gov/case-studies/">https://useiti.doi.gov/case-studies/</a>
	7.2 Data Accessibility					X	<a href="https://useiti.doi.gov/">https://useiti.doi.gov/</a> and IA TOR
	7.3 Follow up on Recommendations				X		<a href="https://www.doi.gov/eiti/FACA/msg-meeting-minutes">https://www.doi.gov/eiti/FACA/msg-meeting-minutes</a>
	7.4 Outcomes and Impact of Implementation				X		<a href="https://www.doi.gov/eiti/public-engagement">https://www.doi.gov/eiti/public-engagement</a> and Annual Activity Reports at <a href="https://www.doi.gov/eiti/faca">https://www.doi.gov/eiti/faca</a>
OVERALL ASSESSMENT							

**Legend**

	The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled.
	The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled.
	The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled.
	The country is compliant with the EITI requirement.
	The country has gone beyond the requirement.
	This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
	The MSG has demonstrated that this requirement is not applicable in the country.
-	No change in performance since the last Validation.
←	The country is performing worse than in the last Validation.
→	The country is performing better than in the last Validation.
*	Safeguard

# July 2016 Validation Guide – Validation Scenarios

Figure 1 – Validation scenarios



# 2016 Standard Validation Flow Diagram

